GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

CAF & CS DEPARTMENT – Public Distribution System – Door delivery of good quality sortex rice under PDS – Group of Ministers Committee Recommendations – Acceptance – Orders – Issued.

CONSUMER AFFAIRS, FOOD & CIVIL SUPPLIES (CS-I) DEPARTMENT

G.O.MS No. 10 **Dated:24.08.2020.**

Read the following:

1. G.O.Rt. No.43, CAF & CS (CS.I) Department, dated:29-07-2019.
2. Minutes of Group of Ministers (GoM) Meeting for Door-Step delivery of Rice under PDS held on 20-08-2019, 18-09-2019 and 19-10-2019.
3. G.O.Ms No.15, CA,F&CS Department Dated:15-12-2019.
4. CCS proceedings No.CCS.Ref.No.PDSII(I)/1025/17/2020 dated: 13-07-2020.
5. Minutes of Group of Ministers (GoM) for Door-Step delivery of Rice under PDS held on 14-08-2020.
6. Council Resolution No.116/2020 dated:21-08-2020.

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ORDER:

In the reference 1st read above, the Government has constituted a Group of Ministers (GoM) committee, to examine various issues related to door delivery of rice under Public Distribution System (PDS) and recommend steps to be taken. Accordingly, the Group of Ministers, vide ref 2nd read above, submitted their recommendations. Thereafter, vide reference 4th read above, the Government have issued orders in alignment with the recommendations of the GoM.

2. Accordingly, Andhra Pradesh State Civil Supplies Corporation Limited (APSCSCL) completed the initial prerequisites for door delivery of good quality sortex rice(CMR) under Public Distribution System and a pilot was launched by Hon'ble Chief Minister on 6th September 2019 at Palasa, Srikakulam District.

3. In furtherance of the instructions issued vide reference 3rd read above, APSCSCL has taken several measures to implement the door delivery of good quality sortex rice (CMR) under PDS programme across the state including procurement of 18.74 LMT of sortex rice during KMS 2019-20. Further, packaging cluster locations were formed in the state on the basis the availability of Godowns, spare capacity available at each godown, distance and storage capacity required for each Packaging Centre. Based on such categorization and clustering, tenders were floated in AP e-Procurement portal to conduct reverse e-auction on 'Konugolu' platform.

4. Subsequently, a third-party evaluation undertaken on the pilot in Srikakulam appraised positive aspects viz., ensuring the quality, quantity and convenience of delivery of sortex rice, besides certain disadvantages as listed:

i. There is a widespread concern regarding recurring use of non-biodegradable polypropylene woven bags for door delivery and its adverse impact on the environment.

ii. If the programme is rolled out in the entire state in the present model, it is estimated that 2.15 crore bags would be distributed every month i.e., 26 crore bags per annum in the state. The Srikakulam experience has shown that very few bags are recollected though effort was made to recollect the bags.

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iii. Infestation was noticed in few PP bags when stored beyond one month which led to quality issues.

iv. Quality deterioration of rice was found due to rainwater seepage into certain bags during transit and after delivery to the beneficiaries. Additional handling and transportation were incurred to replace the damaged stocks.

5. In view of the environmental concerns, huge operational cost involved in procurement of PP woven bags and repackaging of CMR at packaging units, the Group of Ministers directed to examine an alternate model of deploying Mobile Dispensing Units for weighing and distribution of CMR at doorstep of the household was proposed.

6. In the proposed model, CMR will be transported to the Village Level Stock Points in 50 Kg standard jute bags and from there it would be carried to the beneficiary doorstep through Mobile Dispensing Units. The Mobile Dispensing Unit will have a weighing scale and distribution of CMR will be done on 100% weighment basis at the doorstep. The revised model envisages to replace repeated requirement of the PP woven bags with one-time distribution of reusable, durable bags which may be refilled every month at doorstep of the household. This will reduce the burden of huge recurring cost of repackaging and enables adoption of an environment friendly packaging solution.

7. The Group of Ministers, examined various options for reusable durable bags to be distributed free of cost to all beneficiaries as a one-time measure and finalized Non-woven Polypropylene bags as they are more economical, durable and offer feasible solution to the current requirement.

8. In the reference 4th read above, a technical committee was constituted to compare and assess the suitability of Tractor Trolleys, Three wheeler Mini trucks and Four wheeler Mini Trucks and recommend the most suitable Mobile Dispensing Unit for last mile distribution along with suitable validations and technical specifications. The Committee conducted trial runs of various prototypes in the Urban, Semi-Urban and Rural areas and finalized Four Wheeler Mini Trucks as the most suitable option and recommended the technical specifications.

9. To cover 1.5 crore households (including existing and new rice cards to be issued in the near future) within 18 days, with 2 days buffer (i.e.) a total of 20 days, it is estimated that 9260 four-wheeler mini trucks would be needed considering 90 households coverage per day and distances between villages. The Village/Ward Secretariats would be grouped within the mandal/ULB or neighboring mandal/ULB based on the no of rice cards, to complete the door to door distribution as per schedule and optimize the utilization of the vehicles.

10. For APSCSCL to own and operate 9260 Mobile Dispensing Units, it requires huge capital expenditure along with operating expenditure. Further APSCSCL will also be required to manage the whole operations of delivery through these Mobile Dispensing Units which includes hiring of 9260 Drivers and Hamalis, fuel arrangement, maintenance and safety of the vehicles etc. In such a model, APSCSCL would be required to coordinate between many stakeholders including FPS dealer, Driver, Hamali, Volunteers, VROs, etc. The multiple dependencies may result in operational issues and adversely impact the implementation of the door delivery program.

11. In view of the complex operational issues and high upfront capital expenditure in the Government owned and operated model, an alternate Self-Employment model for operating the door delivery program has been evaluated. The self-employment model

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will not only ease the financial burden on the government, but will also make the operations of the door delivery program seamless by empowering the beneficiaries to own and operate the Mobile Dispensing Units while reducing the dependencies for APSCSCL and improving efficiency.

12. While approving the expenditure incurred so far and considering the inputs received from the field trials and the reports of the technical committees, the following recommendations were made by the Group of Ministers for implementation of door delivery of Sortex rice under PDS at the door step of eligible beneficiaries across the state.

i) In view of the environmental concerns and to reduce the earlier estimated recurring financial burden of Rs. 717 Crs. i.e., Rs. 405 Cr for the cost of packaging material and Rs. 312 Cr towards the packaging operations, the GoM recommends judicious use of financial resources and implement the proposed door delivery of good quality sortex rice through 4-wheeler Mini trucks along with a one-time free distribution of reusable durable bags to each eligible family.

ii) 9260 Nos new four wheeler mini truck vehicles as per specifications to be procured for BC/SC/ST/Minority and EBC youth under a Self-employment scheme wherein
   a) 10% of the Cost of Vehicle will be paid by the beneficiary as contribution.
   b) Bank loan upto 30% would be tied up in the name of the beneficiary.
   c) 60% subsidy would be provided by the Government on each vehicle.
   d) APSCSCL would enter into agreements with BC/SC/ST/Minority and EBC Corporations to hire such vehicles in contract for a period of 6 years (six) and guarantee the payments as per terms during the contract period. The respective Corporations would select the beneficiaries enter into a tripartite agreement with Banks and beneficiaries and tie up loans to the beneficiaries.
   e) APSCSCL would guarantee the repayment of loan during the subsistence of the contract.
   f) The loan period would be 6 years (six) and the beneficiary would be locked-in with APSCSCL till the end of loan period. After 6 years, the full ownership of the vehicle will be transferred to the beneficiary
   g) The beneficiary would be Driver cum Owner and will be given a monthly income support of Rs. 10,000 excluding EMI, Operational Expenses and Handling Charges.
   h) The beneficiary will be made responsible for:
      - Daily receipt of stock from FP shop and reconciliation
      - Daily remittances of amounts received from end consumers to FPS dealer
      - Coordinate with Village Volunteers for biometric authentication and distribute essential commodities at the door-step of beneficiaries in each household cluster
      - Maintenance and Security of the vehicle, weighing scale and other connected items

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- Since distribution will happen from 1st to 18th of every month, with 2 days buffer, as per pre-determined schedule, each vehicle will be utilized between multiple secretariats for optimal utilization of the asset
- The vehicles cannot be used for any other purpose during non-distribution days/times

iii) In view of the financial position of the Government, the 60% subsidy to be given to 9260 vehicles may be met through a loan from any nationalized bank and the monthly EMI can be paid for 6 years to coincide with the loan repayment of the beneficiaries to avoid upfront capital expenditure required to roll out the door delivery program.

iv) The required no of four-wheeler Mini Trucks along with Non Automatic Weighing Instruments (NAWI), 5 kg bins and weighing buckets with chain to be procured as per approved specifications from reputed manufacturers in a transparent procedure through reverse bidding and position them at various village/ward secretariats to be utilized for door delivery of good quality sortex rice as per schedule.

v) APSCSCL to procure the required no of durable and reusable non-woven PP bags with multi-colour from reputed manufacturers in a transparent procedure through reverse bidding and distribute to each beneficiary family at free of cost.

vi) APSCSCL to procure the required packaging tape with barcoding for sealing the gunny bags and make them tamper proof.

vii) APSCSCL to recollect gunny bags from FPS dealers across the state every monthly and auction them for additional revenue.

viii) The tenders called for packing machines and packing contract in A, B & C clusters and which have not yet been operationalized shall be cancelled with immediate effect. The packing contracts which are in existence and being used for door delivery in Srikakulam district may be continued till alternate delivery mechanism is rolled out. However advance notice may be given to such contractors for termination when the alternate mechanism is rolled out, as required.

ix) APSCSCL should explore the feasibility of utilizing the machines already procured for alternate uses i.e., packing of red gram dal, sugar, millets etc. or for delivery of rice in remote inaccessible tribal areas as and when required.

x) Notwithstanding the implementation of the door delivery programme in the proposed model, the Civil Supplies department should simultaneously work on the Direct Benefit Transfer (DBT) scheme and obtain the individual consent of beneficiaries for DBT to reduce the wastage and leakages in the door delivery programme.

xi) The Group of Ministers finally recommended that the proposed door delivery of good quality sortex rice may be implemented in the alternate delivery model as explained with one-time capital expenditure of 53.75 crores and annual recurring expenditure of 776.45 crores.

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13. After careful examination of the entire issue, Government is hereby accepted and approved the following proposals:

i) Ratification of orders issued in G.O.Ms No. 15, CA, F&CS Dept, dated 15-12-2019.

ii) Recommendations of the Group of Ministers held on 14.8.2020 at para-12 above.

iii) Permission to Andhra Pradesh State Civil Supplies Corporation Limited, to avail Rs.331 Crores (Rupees three hundred thirty one crore) loan from scheduled commercial Banks and agree to extend Government Guarantee as per the other usual terms and conditions towards 60% subsidy on 9260 Vehicles and to be repaid in monthly installments in six years.

iv) A total amount of Rs.830.20 crores including 53.75 crores as one-time expenditure for reusable non-woven carry bags and Rs.776.45 crores as annual recurring cost for door delivery of good quality sortex rice as additional budget.

14. The Commissioner of Civil Supplies, Andhra Pradesh, Vijayawada and Vice Chairman and Managing Director, A.P. State Civil Supplies Corporation Ltd., Vijayawada shall take necessary action accordingly.

15. This order issues with concurrence of Finance Department vide their U.O. Note No.1210969/FINANCE (FMU, A&C, AHDD&F, CS DEPARTMENT/2020, DATED 17-8-2020.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

KONA SASIDHAR
EX-OFFICIO SECRETARY TO GOVERNMENT

To
The Commissioner of Civil Supplies, Andhra Pradesh, Vijayawada.
The Vice-Chairman and Managing Director, A.P. State Civil Supplies Corporation Ltd., Vijayawada.
Copy to:
The OSD to Minister for Finance, Government of A.P., A.P. Secretariat.
The OSD to Minister for Agriculture, Government of A.P., A.P. Secretariat.
The OSD to Minister for Housing, Government of A.P., A.P. Secretariat.
The OSD to Minister for Food and Civil Supplies, Government of A.P., A.P. Secretariat.
The P.S. to Secretary to C.M., A.P. Secretariat, Velagapudi.
The P.S. to Principal Secretary Finance, Finance Department, A.P. Secretariat.
The Finance Department.
The GA (Cabinet) Department [w.r.t. CR No.116/2020}
SF/SC (Computer No: 1028530, File No: FCS01-FCCS0CSS(MISC)/5/2019-AS-CAFCS)

//FORWARDED :: BY ORDER //

SECTION OFFICER.